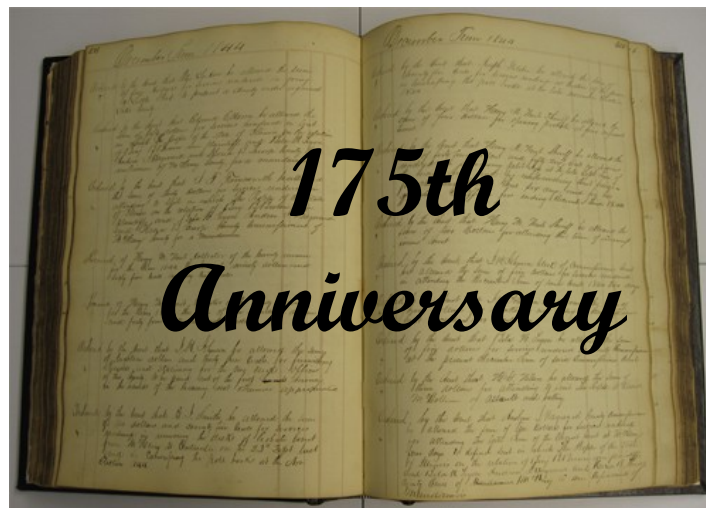


County of McHenry, Illinois



*Popular Annual Financial Report
For the Fiscal Year Ended November 30, 2012*

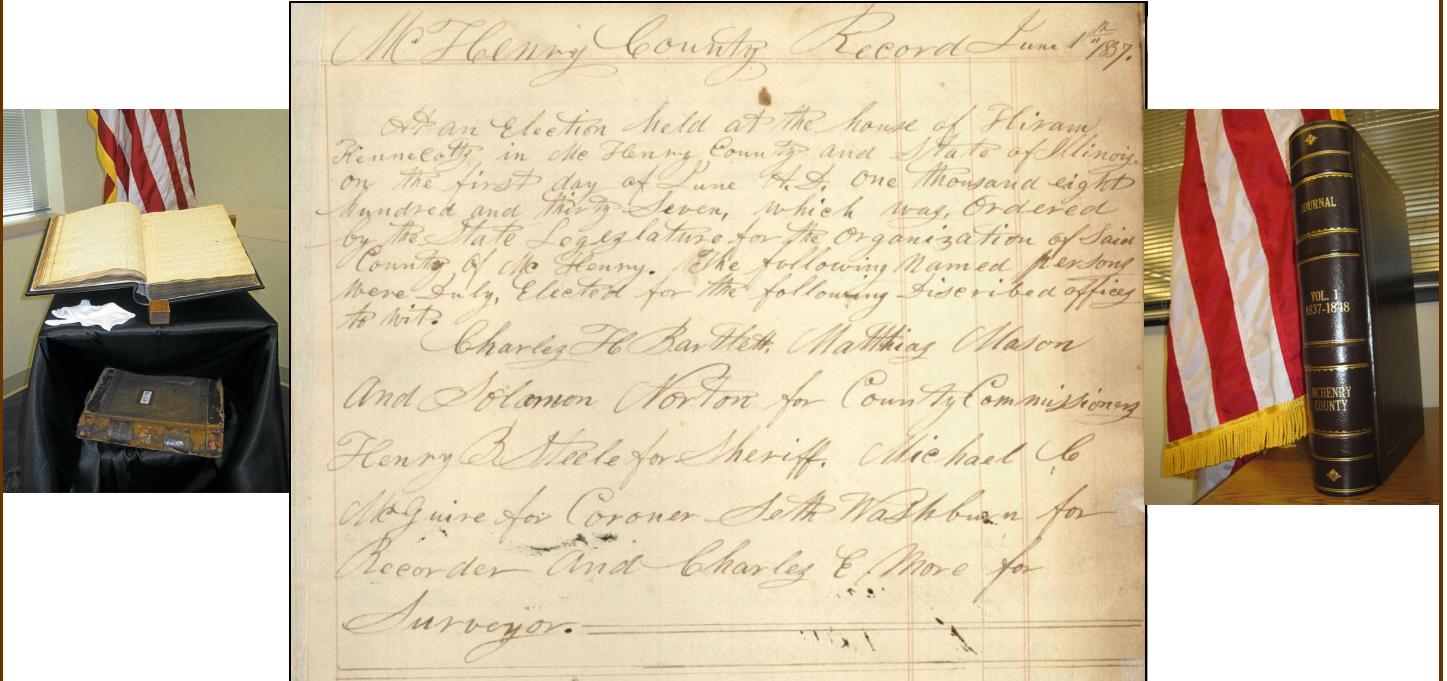
On June 1, 1837, the Board of County Commissioners for the newly established County of McHenry met for the first time. All of the information of those first few years of meetings were handwritten in a journal. No one knows how long it was missing, but in 2010, this original leather-bound first volume of the minutes of those meetings resurfaced. County Recorder Phyllis Walters was contacted by a private party from Springfield who had possession of the journal and they generously shipped it back to Recorder Walters and its origin. She then had the book professionally deacidified, re-stored, re-bound, scanned and digitized. The journal was then presented back to the County Board at their June 1, 2010 meeting. At the presentation, both Recorder Walters and McHenry County Historical Society Administrator Nancy Fike reflected on the early pioneers and settlers of the area that would eventually evolve into McHenry County. Recorder Walters talked about the vast rolling prairies that were well watered with large beautiful oak trees. Ms. Fike talked about all of the interesting items that were contained in the journal and how the recorded minutes pre-dated electricity, railroads, township government, and the Civil War.

It is indeed wonderful that the journal found its way back home in plenty of time to celebrate the 175th anniversary of McHenry County in 2012. As the County looks forward to the future, we can be thankful for the strong trailblazers who petitioned to create and name the County of McHenry, and to the leaders since that point who have brought our County government to the strong point where it is at today.

The scanned contents of this first journal are available for public viewing at the Recorder's website:

www.co.mchenry.il.us/departments/Recorder/Pages/McHCtyJournal1.aspx.

The original book is in a locked display for protection and viewing in the County Board offices.



McHenry County Recorder Phyllis Walters and County Board Chairman Ken Koehler



County of McHenry, Illinois
POPULAR ANNUAL FINANCIAL REPORT
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November 30, 2012

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Introduction to the Popular Annual Financial Report



McHenry County extends into the following Cities, Towns, and Villages:

Algonquin
Barrington Hills
Bull Valley
Cary
Crystal Lake
Fox Lake
Fox River Grove
Greenwood
Harvard
Hebron
Holiday Hills
Huntley
Island Lake
Johnsburg
Lake in the Hills
Lakemoor
Lakewood
Marengo
McCullom Lake
McHenry
Oakwood Hills
Port Barrington
Prairie Grove
Richmond
Ringwood
Spring Grove
Trout Valley
Union
Wonder Lake
Woodstock

Townships in the County:

Alden
Algonquin
Burton
Chemung
Coral
Dorr
Dunham
Grafton
Greenwood
Hartland
Hebron
Marengo
McHenry
Nunda
Richmond
Riley
Seneca

To the residents of McHenry County:

I am pleased to present McHenry County's Popular Annual Financial Report (PAFR) for the fiscal year ended November 30, 2012, prepared by the County Auditor's Office. This report provides a summary of the County's revenue, spending, and financial condition. The report also includes supplementary information on local economic conditions, major accomplishments by the County government, and a listing of the current County Board Members and Elected Officials. My goal in producing this report is to communicate the County's financial operations in a straightforward and easy-to-read format so that you may obtain a better understanding of McHenry County government. The County's PAFR for fiscal year 2011 received the Government Finance Officers Association's (GFOA) Award for Outstanding Achievement, which is the fourth consecutive year that the County has received this prestigious award.

The information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended November 30, 2012, which was audited by Baker Tilly Virchow Krause LLP and received an unqualified (clean) opinion. The CAFR is a highly detailed financial report that is prepared in conformity with Generally Accepted Accounting Principles (GAAP). The County has received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the CAFR for 14 consecutive years. The financial schedules presented in the PAFR have been summarized and combined from assorted financial statements in the CAFR. The PAFR omits the financial statements on business-type activities, discretely presented component units, proprietary funds, and fiduciary funds, which are included in the CAFR. Anyone who is interested in reading the fiscal year 2012 CAFR can find the report under the [Financial Reports](#) link on the County's website at <http://www.co.mchenry.il.us>. Copies of past CAFRs, PAFRs, Single Audits, and Quarterly Financial Reports are also available through the link.

The first section of this PAFR presents three perspectives that help assess the County's overall financial health. The first perspective reviews the County's ability to pay its bills, the second perspective reviews the County's overall financial position, and the third perspective presents an analysis of local, state, and national economic conditions. The second section of the PAFR includes financial schedules that describe where the County derives its funds, what the County spends its funds on, and what major programs and services the County provides. The last financial schedule includes information on the collection and usage of property tax dollars.

This report is for your use in understanding the operations of the McHenry County government and is not intended to replace the CAFR. It is simply a means of increasing public confidence in the County government. It is an honor to serve as your Auditor and I encourage any questions, concerns, or feedback as to the contents of this report or the operations of my office. Feel free to contact me at my office - 815.334.4204, by email - auditor@co.mchenry.il.us, or by stopping in at my office in the Administration Building - Room 105.

Best regards,

Pamela Palmer

McHenry County Auditor
May 13, 2013

Awards Received for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to McHenry County for its Popular Annual Financial Report for the fiscal year ended November 30, 2011. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government popular reports.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended November 30, 2011 represents the fourth consecutive year that the County has received this prestigious award. We believe that the current PAFR for the fiscal year ended November 30, 2012 also conforms to the high standards of the award program and the PAFR has been submitted to GFOA.

Certificate of Achievement for Excellence in Financial Reporting

As described in the introduction to the PAFR, the information presented within the PAFR was derived from the County's CAFR. The County is proud to present that its CAFR for the fiscal year ended November 30, 2011 has been recognized with the Certificate of Achievement for Excellence in Financial Reporting. This certificate represents the 14th consecutive year that the County has received this award. Anyone who is interested in reading the CAFR can find the report on the County's website at <http://www.co.mchenry.il.us>, under the [Financial Reports](#) link.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**County of McHenry
Illinois**

**for the Fiscal Year Ended
November 30, 2011**



Christopher P. Morrell
President

Jeffrey L. Esser
Executive Director

Profile of McHenry County, Illinois

McHenry County is located in northeastern Illinois, approximately 50 miles northwest of Chicago. The County covers a total area of 611 square miles, including 603 square miles of land and 8 square miles of water. The 2012 population of the County was 308,145, which ranks sixth out of 102 Counties in Illinois. Over 30 communities reside within the County, the largest of which is the City of Crystal Lake, with a 2011 population of 40,766, which ranks 40th out of 1,367 Cities in Illinois. Major transportation routes include I-90, which passes through the southwest corner of the County, as well as several state highway routes, making the County easily accessible to areas in northern Illinois and southern Wisconsin. Adjacent counties include Walworth and Kenosha Counties in Wisconsin (north), Lake and Cook Counties (east), Kane and DeKalb Counties (south) and Boone County (west).

The County was created by the Illinois legislature in 1836. The County was named after Major William McHenry, who fought in the Blackhawk War in 1832. Originally, McHenry County stretched to Lake Michigan on the east until 1839, when voters were granted the right to form a new county, which was named Lake County. The City of McHenry was the location of the original County seat. However, after Lake County split from McHenry County, a more central location was desired and the county seat was relocated to the City of Woodstock in 1844. In December 1849, voters established a township system of government, in part to provide a better system for road taxation, due to the poor road systems in place. The introduction of railroads brought changes to the County as it enabled farmers the ability to ship their products to Chicago's markets and provided transportation for commuting to city jobs. All of the changes made throughout the early years resulted in migration of residents who sought the rural lifestyle for raising their families, while still having access to the city for their jobs. The result of this transformation was the growth and establishment of the towns, cities, and villages that exist today.

The County operates under a board-administrator structure, in addition to nine independently elected County officials. The Board is comprised of twenty-four members elected from six districts. Board members serve four year terms. The Board is both the legislative policy maker and the supervisor of County Administration. The County Administrator is the chief administrative officer and prepares and recommends the annual budget, implements policies and procedures, manages daily operations, and oversees department directors. The nine independently elected County officials are the Auditor, Clerk of the Circuit Court, Coroner, County Clerk, Recorder, Sheriff, State's Attorney, Regional Superintendent of Education, and Treasurer. Elected officials serve four year terms. See page 17 for a list of current County Board members and elected County officials.

McHenry County provides a full range of services including law enforcement, construction and maintenance of roads and bridges, property assessment and tax collection, official records, elections, document recording, comprehensive planning and growth management, housing and community development programs, social service programs, judicial functions, health services, animal services, emergency disaster and response planning, storm water management, environmental protection, and administrative functions. For a detailed listing of the County's departments and the vital services that the County provides for its citizens and businesses, visit the County's website at <http://www.co.mchenry.il.us>.

Over the past few decades, the County has experienced significant commercial and residential growth. As a result, the population of the County has increased from 183,241 in 1990, to 260,077 in 2000, and to 308,145 in 2012. Also, the County's assessed valuation has increased from \$6.4 billion in 2003 to \$8.8 billion in 2012. In order to meet the ever-expanding needs of the growing County, the number of full-time equivalent employees of the County has increased as well, from 965 in 2003 to 1,233 in 2012.

See page 13 for a list of the County's major accomplishments for fiscal year 2012, as well as future plans to expand and enhance services.



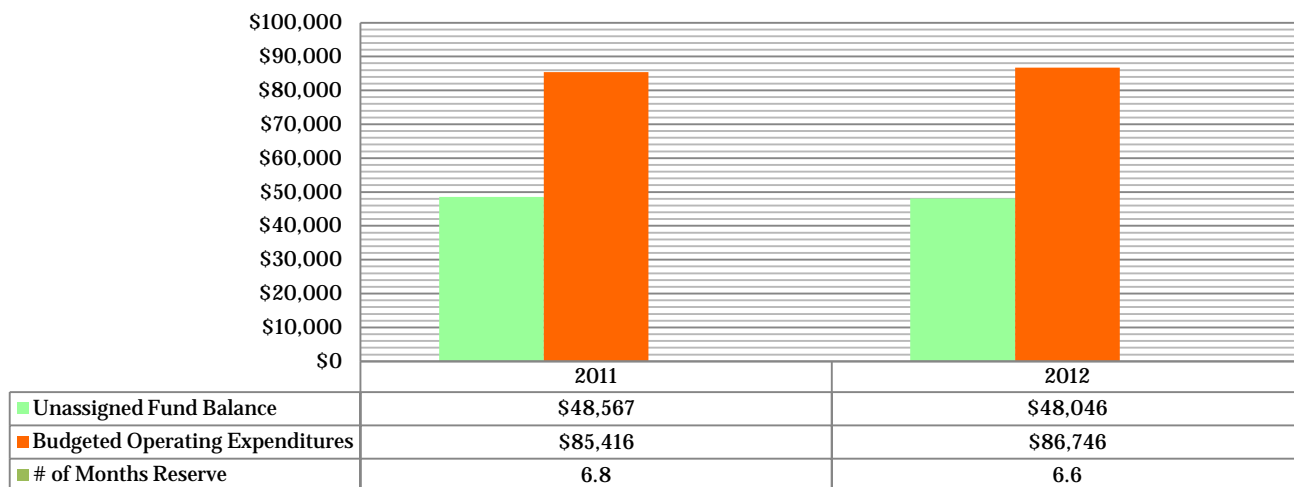
Perspective #1 – Short-Term Financial Health

The first step in assessing the overall financial health of the County is to review the County's short-term financial health. A review of the County's short-term financial health helps to answer the question: Is the County able to pay its bills (both expected and unexpected) on time? The most useful measure of short-term financial health is the level of unassigned fund balance in the general fund. Unassigned fund balance is a measure of net financial resources that are not restricted or otherwise constrained for specific uses and are available to pay future expenditures. The general fund is the main operating fund of the County.

It is vital for the County to maintain an adequate balance of unassigned fund balance to protect against revenue shortfalls, unanticipated expenditures, or other unexpected events. The Government Finance Officers Association (GFOA) recommends that governments maintain a minimum balance of no less than two months of general fund expenditures. However, prudent financial management and circumstances often suggest that higher levels are needed. The County has a formal policy requiring that the general fund maintain unassigned fund balance equal to five months of budgeted operating expenditures.

As of November 30, 2012, the general fund had unassigned fund balance of \$48,046,334, compared to budgeted operating expenditures of \$86,745,707, which is a reserve of 6.6 months. The following chart shows unassigned fund balance compared to budgeted operating expenditures in the general fund over the last two fiscal years.

**General Fund - Unassigned Fund Balance and Budgeted Operating Expenditures
Last Two Fiscal Years (in thousands - 000s)**



The level of unassigned fund balance will naturally fluctuate over time. Therefore, one should not place too much emphasis on the level of unassigned fund balance at any one point in time. A more useful question is: What is the pattern of unassigned fund balance over the past several years? Due to the implementation of a new accounting standard in 2011, the amount of unassigned fund balance is not available for years prior to 2011. However, prior to 2011, the County monitored the number of months reserve in the general fund based on a different but similar category called unreserved fund balance. While the two categories are not exactly the same, a comparison does provide a general sense of whether the number of months reserve has improved or deteriorated over time.

Under the old unreserved fund balance category, the number of months reserve in the general fund increased from 6.2 months in 2003 to 7.4 months in 2010. In general, this demonstrates that the County has experienced a positive trend in the number of months reserve in the general fund over the last ten fiscal years.

Overall, the current number of months reserve in the general fund of 6.6 months, which exceeds the minimum reserve of five months, as required by the County's formal policy, and the positive trend over the past ten fiscal years indicates that the County's short-term financial health is strong, which means that the County is in a good financial position to withstand potential near-term revenue shortfalls, unanticipated expenditures, or other unexpected events.

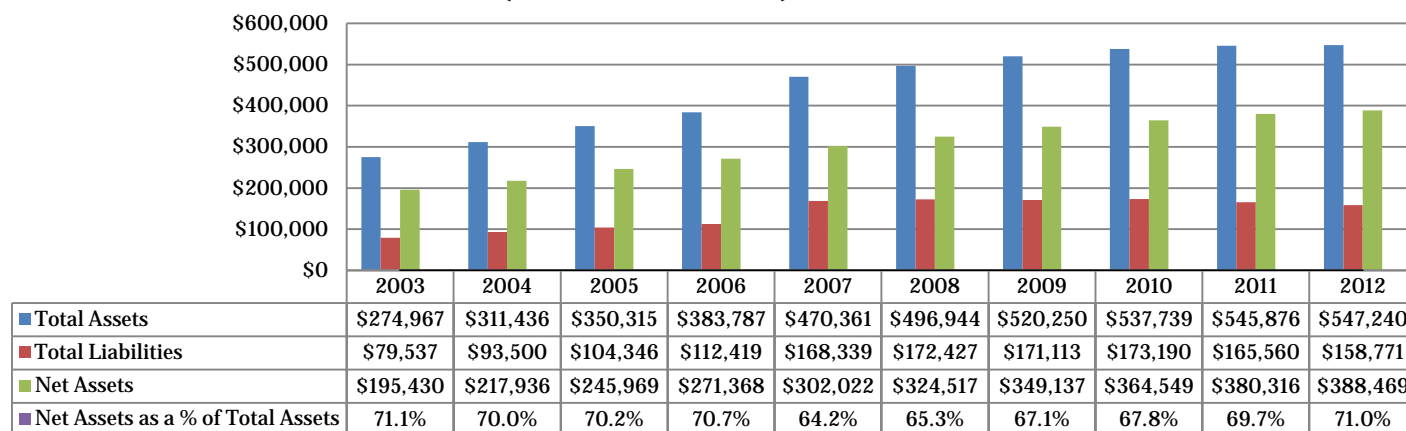
Perspective #2 – Financial Position

Unassigned fund balance in the general fund is a valuable measure of the County's short-term financial health, but it does not provide a complete picture of the County's financial position. Whereas the general fund focuses primarily on current financial resources and liabilities, there is another set of financial statements within the CAFR called government-wide statements, which present information using a perspective that focuses on all economic resources and liabilities. As a result of this broad perspective, the government-wide statements present all of the County's assets and liabilities, including capital assets, such as land, equipment, and buildings, and long-term debt, including outstanding bonds and notes, which are items that are not presented in the general fund. The government-wide statements present a more complete picture of the County's financial position, using a basis that is comparable to the basis used by private businesses.

On the government-wide statements, the difference between total assets and total liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The following table shows total assets, total liabilities, and net assets for governmental activities for the last ten fiscal years:

**Summary of Total Assets, Total Liabilities, and Net Assets -
Governmental Activities
Last Ten Fiscal Years
(in thousands - 000s)**



As shown above, the County's assets have significantly exceeded its liabilities over the past ten years. Total assets and liabilities have both increased significantly over the past ten years. Accordingly, net assets have also increased significantly, from \$195.4 million in 2003 to \$388.5 million in 2012, and have remained consistent as a percentage of total assets, ranging from 64.2% - 71.1%. The most noteworthy change shown above was an increase in total liabilities from \$112.4 million in 2006 to \$168.3 million in 2007. The reason for this increase was the issuance of \$50 million of debt certificates (Series 2007B), which were used to fund road construction projects. As of November 30, 2012, the outstanding balance of the Series 2007B debt certificates is \$27.8 million. Overall, the chart shows that the County's current financial position is sound and shows a trend of stability in net assets as a percentage of total assets.

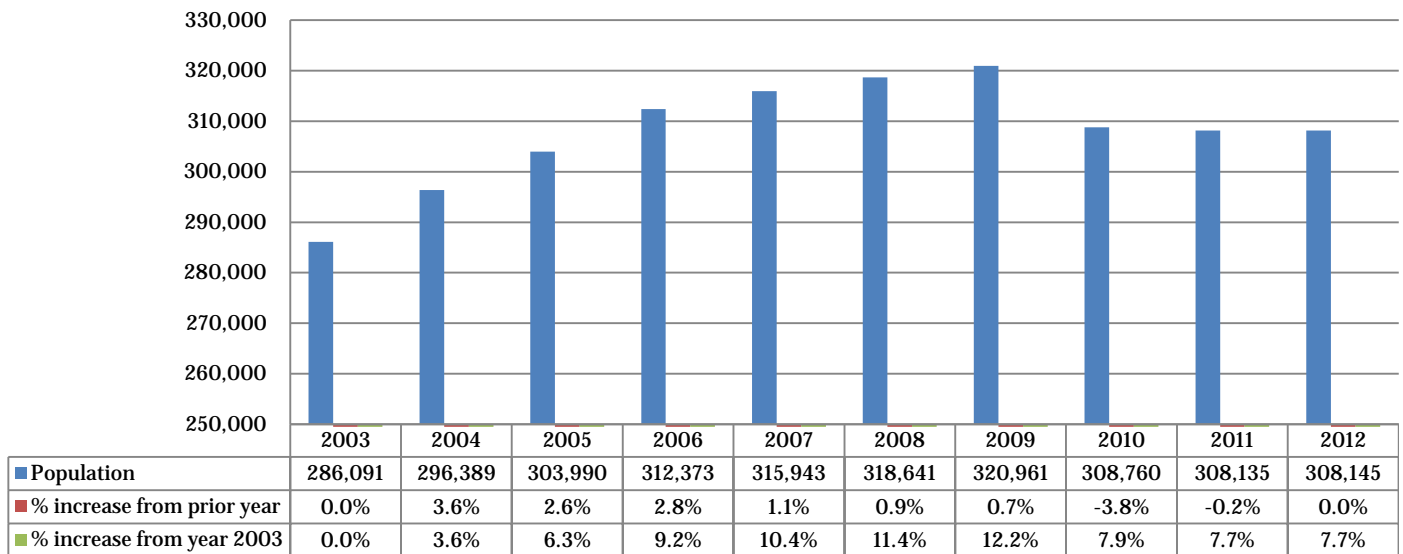
Net assets are further broken down into three categories, invested in capital assets, net of related debt, restricted, and unrestricted. Invested in capital assets, net of related debt, represents the portion of net assets related to capital assets, less any related outstanding debt. Net assets in this category are not available for spending. Restricted net assets represent the portion of net assets that have legal restriction on how the resources may be spent. Finally, all other net assets fall into the unrestricted category. For 2012, invested in capital assets, net of related debt, was \$238.3 million or 61.3% of total net assets, restricted was \$111.1 million or 28.6% of total net assets, and unrestricted was \$39.1 million or 10.1% of total net assets.

Perspective #3 – Economic Condition

While the first two perspectives present valuable insights into the short-term and overall financial position of the County, a review of local, state, and national economic conditions is crucial for a complete evaluation of the County's financial health. Because the County doesn't exist in a vacuum, many different economic conditions and circumstances will ultimately affect the County's future financial position. Considering major economic factors can provide context for interpreting current financial information, as well as provide a basis for assessing the likelihood that the County's current financial position will improve or deteriorate in the future.

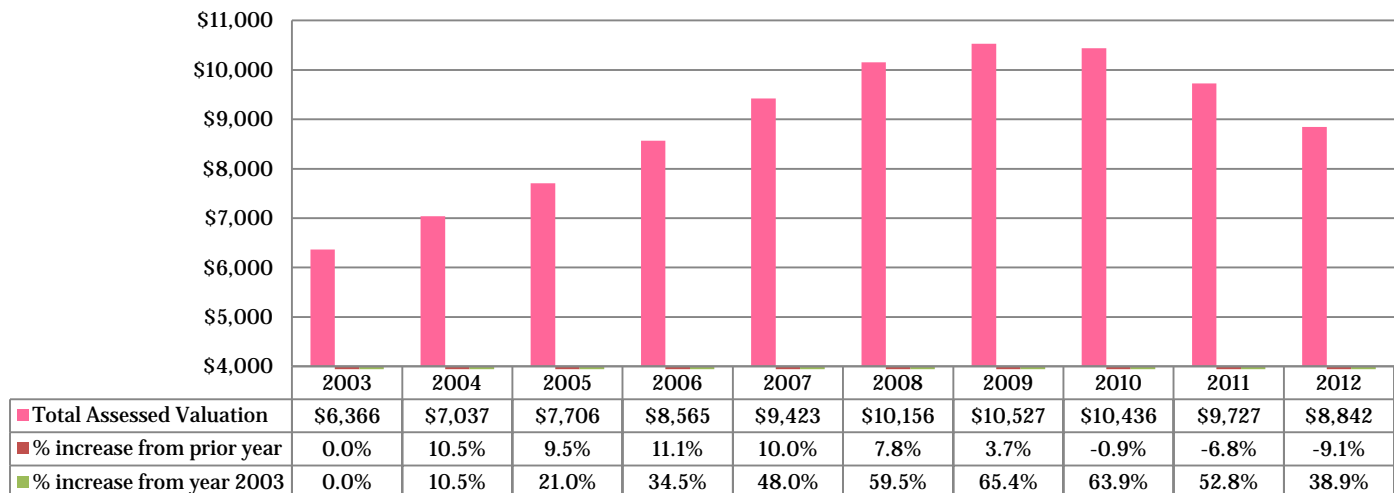
The following statistics represent a sample of major economic factors that impact the County's financial situation.

**McHenry County Population
Last Ten Years**



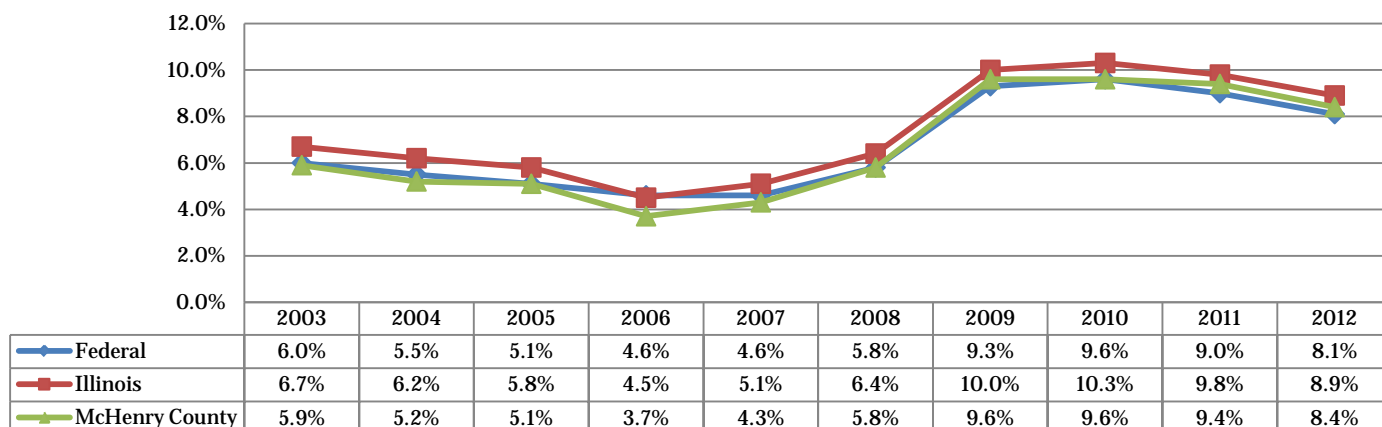
* Population figures for 2003 - 2009 and 2011 - 2012 are estimated provided by the US Census Bureau. See note on following page.

**McHenry County Total Assessed Valuation
Last Ten Years
(in millions)**

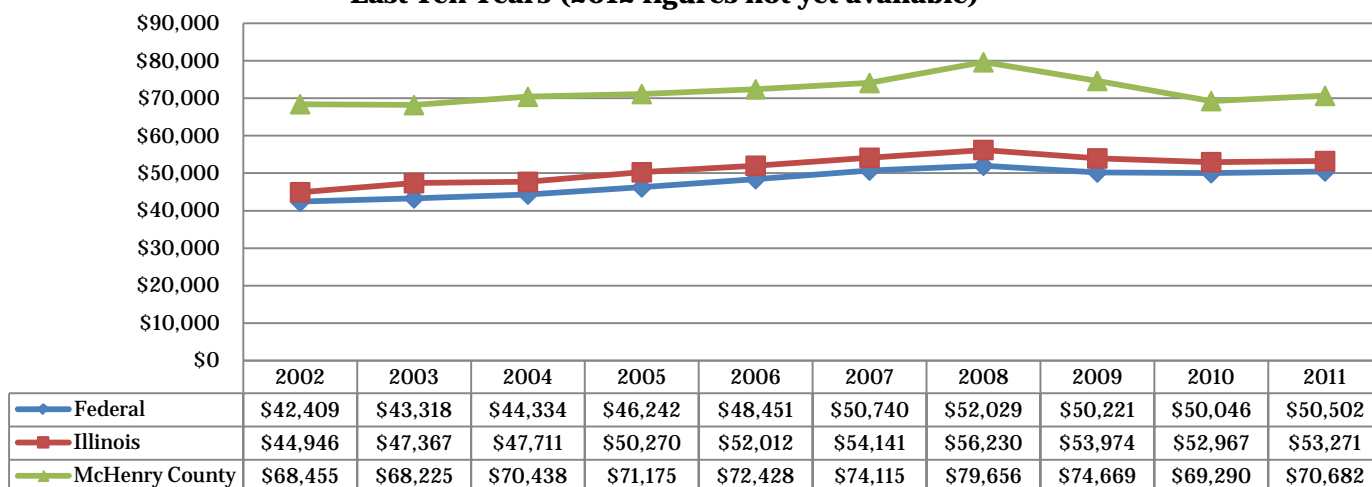


Perspective #3 – Economic Condition (Continued)

**Unemployment Rate
Last Ten Years**



**Median Household Income
Last Ten Years (2012 figures not yet available)**



The County's population increased from 286,091 in 2003 to 308,145 in 2012, an increase of 22,054 or 7.7%. The population figure for 2010 is from the 2010 US Federal Census. Population figures for 2003 - 2009 and 2011 - 2012 were estimates provided by the US Census Bureau. Therefore, the change from 2009 to 2010 does not represent an actual decrease of population, but a correction of prior estimates. The County's total assessed valuation increased from \$6.4 billion in 2003 to \$8.8 billion in 2012, an increase of \$2.4 billion or 38.9%. However, the 2012 assessed valuation has decreased by \$1.7 billion or 16.2%, from a peak of \$10.5 billion in 2009. The primary reason for this decrease is the economic recession that began in 2008, which has caused a decline in area home values. While home value may have finally bottomed out in 2012 or 2013, the effects of the recession are likely to cause continued slow or no growth in population and assessed valuations, which could also restrict the County's near-term growth.

The unemployment rate and median household income statistics clearly show how the weak economic conditions are negatively affecting the County and its citizens. The County's unemployment rate was 8.4% in 2012, which represents an improvement from the rate of 9.6% in 2009 and 2010 and 9.4% in 2011. However, the rate is still undesirably high, considering that the average rate before the recession from 2003 - 2008 was 5.0%. The County's median household income increased from \$69,290 in 2010 to \$70,682 in 2011. The County's median household income has consistently exceeded both Federal and State benchmarks. This comparison indicates a high quality workforce in the County. As economic conditions improve over the next several years, the County will be well positioned to resume positive economic growth.

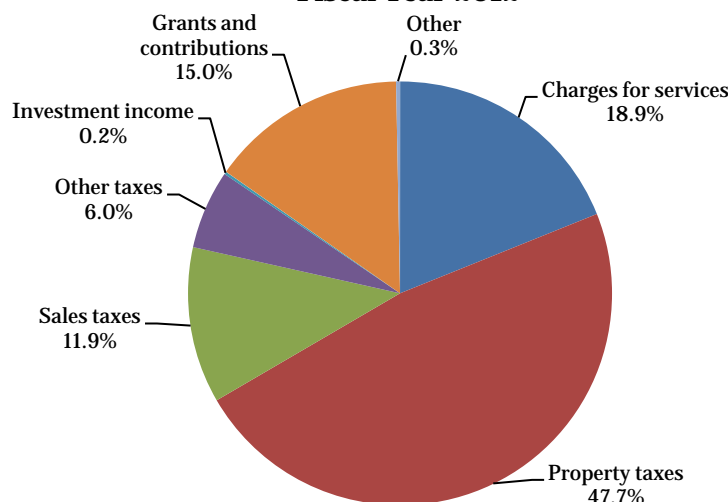
Revenues – What is the County’s Source of Funding?

The County receives its funding from a variety of sources, of which the largest single source is property taxes. The following table and chart present revenues for governmental activities for 2012 and 2011.

County of McHenry Governmental Activities - Revenues

Revenue Source	2012	2011	\$ Change	% change
Charges for services	\$ 28,635,503	\$ 30,692,876	\$ (2,057,373)	(6.7) %
Grants and contributions	22,706,395	25,326,118	(2,619,723)	(10.3)
Property taxes	72,206,475	70,755,868	1,450,607	2.1
Sales taxes	18,036,621	17,481,700	554,921	3.2
Other taxes	9,014,937	8,218,276	796,661	9.7
Investment income	309,709	342,007	(32,298)	(9.4)
Other	510,144	675,704	(165,560)	(24.5)
Total	\$ 151,419,784	\$ 153,492,549	\$ (2,072,765)	(1.4) %

Governmental Activities - Revenues Fiscal Year 2012



Charges for services represent fees paid by individuals, businesses, or other governments who purchase, use, or directly benefit from the goods or services provided. For 2012, the largest items in this category include \$9.6 million for jail space rental, \$3.5 million for circuit clerk fees, \$1.8 million for fees on delinquent taxes, and \$1.2 million for recording fees. Jail space rental decreased from \$11.4 million for 2011 to \$9.6 million for 2012; a decrease of \$1.8 million or 15.8%. The decrease is due to fluctuation in the number of federal detainees that the County housed for the US Immigration and Customs Enforcement. **Grants and contributions** represent payments or donations from individuals, businesses, or other governments through agreements under which the funds are restricted for use in a particular program. For 2012, the largest items in this category include \$12.6 million for transportation programs, \$6.7 million for public health and welfare programs, and \$2.5 million for community development programs. One key reason for the decrease in this category is the winding down and closeout of grant programs received through the American Recovery and Reinvestment Act (ARRA). All of the County’s ARRA grant programs have been closed out as of November 30, 2012. **Property taxes** represent a tax on all real estate and improvements with the County. Property taxes are considered to be a general revenue source, meaning it is available to fund all programs of the County. **Sales taxes** represent a tax imposed on consumers for the purchase of certain goods and services. The current sales tax rate for general merchandise ranges throughout the County from 7.0% to 8.0%. **Other taxes** include \$5.7 million for state income taxes and \$1.3 million for tax transfer stamps for 2012. **Investment income** consists of interest earned on the County’s cash and investments. Certificates of deposit returned an average of 0.3% in 2011 and 2012. **Other revenues** include gains on the sale of capital assets and miscellaneous revenues.

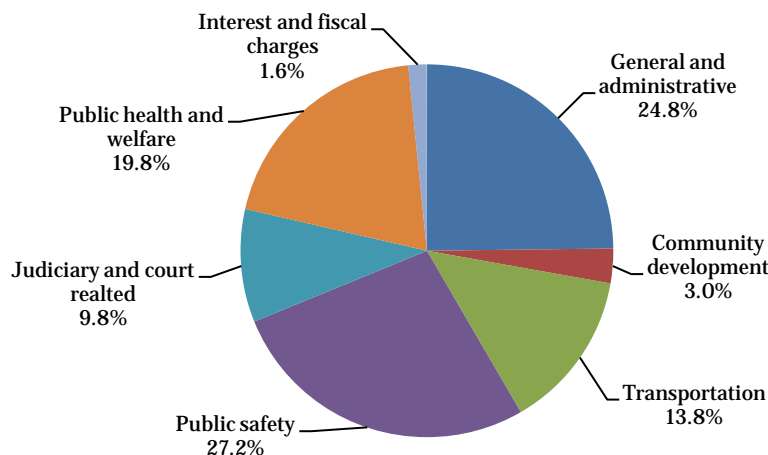
Expenses – What does the County spend its funds on?

The County spends its funds providing vital programs and services for the community. All of the County's activities are grouped into categories that describe the nature of the activity. The following table and chart present expenses for governmental activities for 2012 and 2011.

County of McHenry Governmental Activities - Expenses

Function	2012	2011	\$ Change	% change
General and administrative	\$ 35,519,392	\$ 31,708,738	\$ 3,810,654	12.0 %
Community development	4,286,876	4,770,885	(484,009)	(10.1)
Transportation	19,818,851	18,281,227	1,537,624	8.4
Public safety	38,884,186	38,737,004	147,182	0.4
Judiciary and court related	13,996,893	13,943,432	53,461	0.4
Public health and welfare	28,423,928	27,557,830	866,098	3.1
Interest and fiscal charges	2,336,518	2,726,775	(390,257)	(14.3)
Total	\$ 143,266,644	\$ 137,725,891	\$ 5,540,753	4.0 %

Governmental Activities - Expenses Fiscal Year 2012

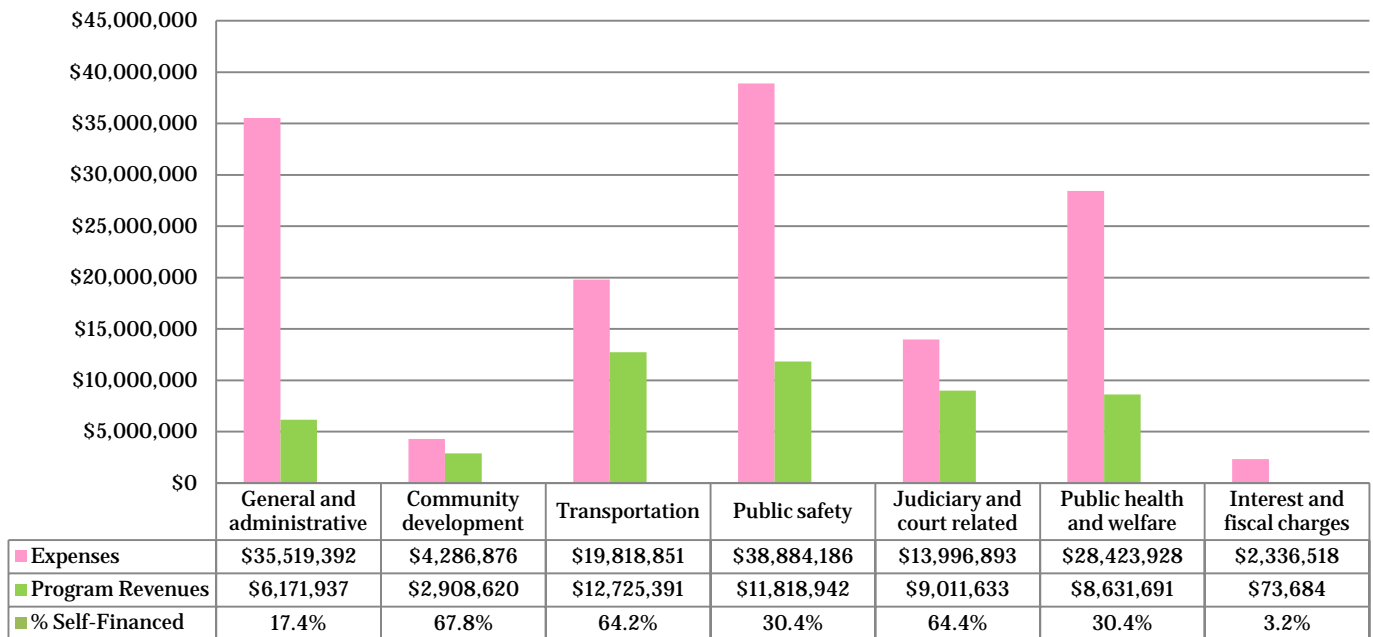


General and administrative includes many essential services for citizens, such as document recording, birth, marriage, and death certificates, election administration, supervision of assessments, and collection of property taxes. Also included in this category are the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. Some key reasons for the increase in this category include a decrease of \$2.6 million in tort liabilities in 2011, an increase of \$0.5 million in election expenses in 2012, and an increase of \$0.4 million in health insurance costs in 2012. **Community development** includes long-term land use planning, building permits and inspections, the zoning board of appeals, and the administration of various grants. The decrease in this category is due to the winding down and closeout of grant programs received through the American Recovery and Reinvestment Act (ARRA). **Transportation** includes constructions and maintenance of County roads and bridges and long-term transportation planning. Expenditures in this category vary from year to year, based on the timing and volume of road construction projects. **Public safety** includes the activities of the Sheriff, Coroner, and Emergency Management Offices. The Sheriff's Office represents the largest component of public safety and activities performed include patrol, detectives, County jail, and County garage. **Judiciary and court related** represents all activities related to the 22nd Judicial Circuit Court and includes the activities of the Clerk of the Circuit Court, Court Administration, Court Services, Public Defender, and the State's Attorney. **Public health and welfare** represents programs that protect and promote the general health and well-being of the County and includes the activities of the Health Department, Mental Health Department, Workforce Network, and Veteran's Assistance. **Interest and fiscal charges** represents interest and fees paid on the County's long-term debt.

Program Revenues and Expenses by Function

The following chart presents a comparison between direct expenses and program revenues for each of the County's functions. Direct expenses are those that are specifically associated with a function. Program revenues consist of charges for services and grants and contributions, which were described on page 9. All other revenues are considered to be general revenues, which means they are not associated with a particular function and are available to finance all of the activities of the County. The comparison of direct expenses and program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the County.

**Governmental Activities - Expenses and Program Revenues
Fiscal Year 2012**



A high percentage of self-financing, such as for community development, transportation, and judiciary and court related, indicates that a function is primarily self-financed through program revenues generated by activities within that function. A low percentage of self-financing, such as for general and administrative, public safety, public health and welfare, and interest and fiscal charges, indicates that a function is primarily financed through general revenues. The percentage of self-financing is not a measure of program efficiency, since many important activities cannot inherently generate program revenues, but rather a measure of how increases in service levels could impact the financing needed to pay for such increases. For example, an increase in service levels for an activity that does not generate a significant amount of program revenues will likely require an increase in general revenues.

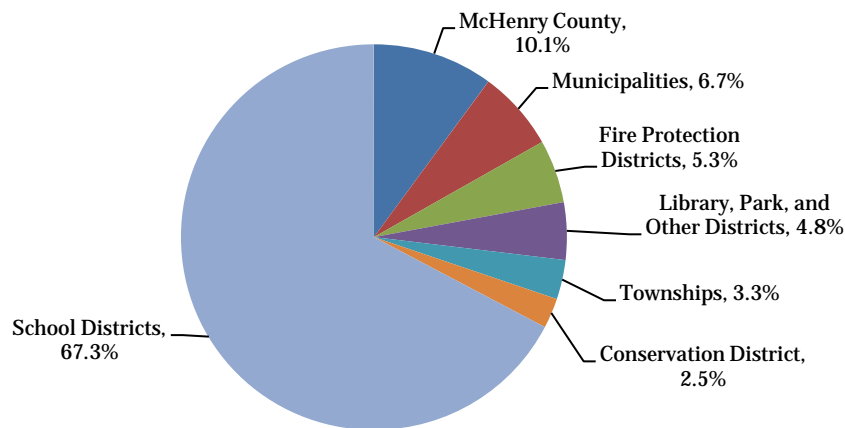
As mentioned above, some activities generate substantial program revenues, while other activities generate only a small amount or no program revenues. The function that has the highest percentage of self-financing for 2012 is community development, with a percentage of 67.8%. The largest component of program revenues for community development is \$2.4 million for grant revenue received from the US Department of Housing and Urban Development (HUD). These program revenues can only be spent on community development projects and cannot be used by the County on any other function. Besides interest and fiscal charges, the function that has the lowest percentage of self-financing is general and administrative, with a percentage of 17.4%. The primary reason that this function has a low percentage of self-financing is that many of the activities in this category do not provide services directly to individuals, businesses, or other governments, but rather support the operations of other County Departments. Typically, internal activities such as these do not generate program revenues. These activities include the County Board, administration, finance, accounting, purchasing, human resources, information technology, and facilities management. Included in program revenues for general and administrative is \$1.8 million for fees on delinquent taxes, \$1.2 million for recording fees, and \$0.9 million for fees for geographic information systems.

Property Taxes – Where do your property taxes go?

Where do your property taxes go? While the County issues property tax bills each year and is responsible for collecting the payments, only a small portion is retained by the County. The vast majority of property taxes are remitted to other government agencies within McHenry County. There are over 100 separate government agencies that are located, at least partially, within McHenry County. Other districts include cities, villages, school districts, park districts, fire protection districts, library districts, townships, conservation districts, and various other districts. Depending on the specific location of a real estate parcel within the County, property taxes for that parcel will be collected for a combination of separate districts.

The following chart presents the breakout by government type for a typical property tax bill. The chart is for illustrative purposes only, based on an average of all property tax bills. As noted above, each real estate parcel pays property taxes to a varying combination of government agencies, based on its location, and the actual breakout by government type will vary accordingly.

Property Taxes - Breakout by Government Type



As shown on the above chart, the largest component of a typical property tax bill goes to school districts. The following table illustrates an average breakout by dollar amount for a sample tax bill of \$1,000. Again, the chart is for illustrative purposes only, based on an average of all property tax bills.

Property Taxes - Breakout by Government Type Sample Property Tax Bill - \$1,000

District Type	Amount	% of Total
School Districts	\$ 673	67.3 %
McHenry County	101	10.1
Municipalities	67	6.7
Fire Protection Districts	53	5.3
Townships	33	3.3
Library Districts	26	2.6
Conservation District	25	2.5
Park Districts	20	2.0
Other Districts	2	0.2
Total	\$ 1,000	100.0 %

This PAFR presents an overview of McHenry County's finances only. The other government districts shown above are separate legal entities and operate independent of the County. Therefore, in order to determine how your property taxes are spent by each district that you pay property taxes to, you would need to separately review financial reports for each district listed on your property tax bill.

Major Accomplishments during Fiscal Year 2012

In April 2010, McHenry County was rated Aaa (the highest rating available) by Moody's Investors Service. This rating allows the County to issue debt at the lowest possible interest rate. The County continues to hold the Aaa rating due to its financial strength, healthy reserves, and prudent fiscal management. In April 2012, the County issued \$5.6 million in General Obligation Limited Tax Debt certificates that refunded its Series 2003A, Series 2003C, and Series 2005A debt certificates and had the Aaa rating by Moody's affirmed.



Aaa

For the second year straight, the County received an "A+" rating from the Sunshine Review, a nonprofit group promoting disclosure of government information. The Sunny Award is based upon a 10-point transparency checklist which indicates that a governmental body is proactively disclosing information to taxpayers. Over the past two years, McHenry County has taken steps to make information more accessible electronically including: 1) Substantial increase in the usage of social and electronic media distribution; 2) County departments have increased their posting of information; 3) A Freedom of Information Request Portal and "Information Access Portal" have been added; 4) A searchable electronic version of County Code is now available on the County Clerk's website; and 5) Audio of County Board meetings was available on the Internet at the end of May 2012.



The County Auditor's Office was notified of their 14th consecutive year of being awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for their FY2011 Comprehensive Annual Financial Report (CAFR). In addition, a FY2011 Popular Annual Financial Report (PAFR) was completed for the 4th consecutive year and received the GFOA's Award for Outstanding Achievement. This PAFR is summarized from information in the CAFR and serves to offer an easy-to-understand report on the County's financial condition. McHenry County was the first county in Illinois to prepare and receive this honor.



The Planning & Development Committee and the Zoning Board of Appeals began joint meetings in September 2012 to review the consultant's draft of the Unified Development Ordinance (UDO). The UDO will update and consolidate the Zoning Ordinance, Subdivision Ordinance, Sign Ordinance, and miscellaneous development-related ordinances into a comprehensive ordinance for the regulation of land. Camiros, LTD was the vendor selected to assist with this valuable project.



Major Accomplishments during Fiscal Year 2012 (Continued)

The McHenry County Division of Transportation (DOT) finished the Rakow Road construction project two weeks ahead of schedule with all lanes opened to traffic on November 16, 2012. Parts of the road were widened to either four or six lanes for greater capacity and efficiency to meet current and future traffic demands. The new pavement is of a composite design, with a thick and strong concrete pavement constructed on an improved subgrade, overlaid with a wearing surface of asphalt pavement.



The County paid off the final debt on the Valley Hi Nursing Home during January 2012, which was originally taken out in 2003 for the purpose of construction of the new Valley Hi facility. The original term of the debt was to end in January 2022. By repaying the debt early, the County will avoid interest payments over the next 10 years of approximately \$2.0 million.



The McHenry County Sheriff's Office earned its accreditation from the National Commission on Correctional Health Care. This was the third accreditation that the Sheriff's Office had recently earned, including two others from the Commission on Accreditation for Law Enforcement Agencies (CALEA) and the American Correctional Association (ACA).



An intergovernmental agreement was approved between the County of McHenry and PACE Suburban Bus Service for "McRide" transit services in 2012. This was the final piece of agreements to implement the new service. The program combines four dial-a-ride programs into one program including the City of Crystal Lake, City of McHenry, and City of Woodstock. Some Township programs and other municipalities are also participating. Federal funding of approximately \$800,000 has also been obtained, as well as funding from the Senior Services Grant Fund.



Major Accomplishments during Fiscal Year 2012 (Continued)

Six (6) County Board workshops were conducted to review the 2012 – 2016 Highway Improvement Plan (HIP) which were held to review the HIP and to discuss long-range transportation issues. The Plan was approved in early 2012 after some changes were made based upon the discussion and notes from the workshops. The 2012 – 2016 HIP can be viewed online at: <http://www.co.mchenry.il.us/departments/dot/Pages/Programs.aspx>



County Administration worked on implementing the IQM2 MinuteTraQ and MediaTraQ software, which now allows for agenda management and web streaming services. This system increases the efficiency of the agenda preparation/minute taking process and allows for the general public to listen to live audio of the County Board's bi-monthly meetings over the Internet.



The Assessor's Office completed the 2011 assessment roll after processing 16,205 Board of Review instruments, of which 10,413 were taxpayer-generated assessment appeals, a new record number. In 2011 and 2010, appeals totaling 10,687 and 5,885, respectively, were heard by the County's Board of Review. The annual report prepared by Robert Ross, Chief County Assessment Office, indicated that the 2012 assessment year presented an overall decrease in the assessment base, which is also predicted to continue into 2013, due to foreclosures and short sales still being a part of the market. On a positive note, the number of home sales in early 2013 rose over the previous year, although the median price still remained down.



Major Accomplishments during Fiscal Year 2012 (Continued)

A Case Management software system continued to be worked on during the year in the State's Attorney and Public Defender's Offices and was scheduled for full implementation by the end of the year. The State's Attorney's part of the system will be for the First Offender Program.



County Recorder Phyllis Walters and her staff successfully finished their multi-year project "Backfile Conversion" by imaging all documents from 1839 – 2012. This accomplishment makes the McHenry County Recorder's Office the first in the State of Illinois to achieve this goal. Records are now searchable in-house and on-line within seconds.



David Christensen, Emergency Management Agency Director, announced that McHenry County was selected to attend the Emergency Management Institute in Emmitsburg, Maryland through the Department of Homeland Security for intensive community emergency management training for key elected officials, appointed officials, and qualified individuals from McHenry County. This training will be attended in 2013 and the course will be conducted by FEMA (Federal Emergency Management Agency).



The McHenry County Ethics Commission Ordinance was amended to include training for all County employees. Working with the County's IT Department, a half hour on-line training program was established, which produces a certificate after the course and test questions are completed.



McHenry County Elected Officials

County Board Members

<u>District/Name</u>	<u>Term Expires</u>	<u>District/Name</u>	<u>Term Expires</u>
District 1		District 4	
Yvonne Barnes	December 2016	Sue Draffkorn	December 2016
Nick Chirikos	December 2014	John Hammerand	December 2014
Anna May Miller	December 2016	Bob Martens	December 2016
Robert Nowak	December 2014	Sandra Fay Salgado	December 2014
District 2		District 5	
James Heisler	December 2014	Tina Hill	December 2016
Kenneth D. Koehler	December 2016	John Jung, Jr.	December 2014
Donna Kurtz	December 2014	Michael Skala	December 2016
Carolyn Schofield	December 2016	Paula Yensen	December 2014
District 3		District 6	
Joseph Gottemoller	December 2014	Michele Aavang	December 2014
Mary E. McClellan	December 2014	Diane Evertsen	December 2016
Nick Provenzano	December 2016	Mary T McCann	December 2016
Michael J. Walkup	December 2016	Ersel C Schuster	December 2014

Elected Officials

<u>Office/Name</u>	<u>Term Expires</u>	<u>Office/Name</u>	<u>Term Expires</u>
Auditor		Sheriff	
Pamela Palmer	December 2016	Keith Nygren	December 2014
Circuit Clerk		State's Attorney	
Katherine Keefe	December 2016	Louis A. Bianchi	December 2016
Coroner		Supt of Educational Service Region	
Anne L. Majewski	December 2016	Leslie A. Schermerhorn	December 2014
County Clerk		Treasurer	
Katherine C. Schultz	December 2014	William LeFew	December 2014
Recorder			
Phyllis K. Walters	December 2016		

McHenry County Website and Social Networking

For a comprehensive listing of the services that the County provides for its citizens and businesses, please visit the County's website at <http://www.co.mchenry.il.us/>



Click on the following icons to follow McHenry County on Facebook and Twitter:

Also, please visit the Social Networking page on the County's website for additional ways to stay informed about important County events.

